

## CONFIDENCE GAME SWINDLES

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JUNE 26, 1956.—Referred to the House Calendar and ordered to be printed

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Mr. WALTER, from the Committee on the Judiciary, submitted the following

### R E P O R T

[To accompany S. 997]

The Committee on the Judiciary, to whom was referred the bill (S. 997) to provide punishment for certain confidence game swindles, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### PURPOSE

The purpose of the proposed legislation is to amend section 2314 of title 18, United States Code, by the addition of new language which would provide punishment for the utilization of interstate commerce in the perpetration of confidence game swindles. The new paragraph would provide that whoever, having devised or intending to devise a scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretences, representations, or promises, transports or causes to be transported or induces any person to travel in, or be transported in interstate commerce in the execution or concealment of a scheme to defraud that person of money or property of a value of \$5,000 or more would be punished under the terms of section 2314.

#### STATEMENT

Section 2314 of title 18, United States Code, in its present form provides for the punishment of persons who transport in interstate commerce goods, wares, securities, or money of the value of \$5,000 or more knowing that such items were stolen, converted, or taken by fraud. The section also provides for the punishment of persons who transport in interstate commerce forged, altered, or counterfeited securities, or articles used in counterfeiting. However, the present law does not contain provisions making it possible to prosecute for

interstate transportation of persons in the perpetration of confidence games.

The Attorney General has recommended the enactment of this proposed legislation. His recommendation was contained in executive communications directed to both Houses of Congress. The Attorney General's communication is as follows:

OFFICE OF THE ATTORNEY GENERAL,  
*Washington, D. C., January 31, 1955.*

The SPEAKER,  
*House of Representatives,*  
*Washington, D. C.*

DEAR MR. SPEAKER: The Department of Justice recommends enactment of legislation to provide punishment for the utilization of interstate commerce in the perpetration of confidence game swindles and a draft of a bill to carry out such recommendation is attached for your consideration and appropriate action.

Existing law provides punishment, in section 2314, title 18, United States Code, for the transportation in interstate commerce of goods, wares, merchandise, securities or money, of the value of \$5,000 or more, knowing the same to have been stolen, converted or taken by fraud. This section also includes other paragraphs providing punishment for transportation in interstate commerce of certain articles used in counterfeiting. The statute, however, fails to afford means to prosecute for interstate transportation of persons in the perpetration of confidence games.

One of the more extensive activities of the confidence man is often directed toward retired businessmen and their families or individuals of some prominence in the community who are reluctant to report their gullibility. This reluctance on the part of the victim, together with the element of the scheme set up by the confidence man to lead the victim to believe that his money will be returned, causes a delay in the reporting of the violation to the authorities. This delay permits the confidence man to move to another section of the country, dispose of the money or property taken from the victim, and thus destroy the necessary evidence to establish certain elements of the crime.

In many of the major confidence swindles perpetrated by professional confidence men the victims are located when they are away from home. After inducing the victim to participate in some false stock market or racetrack transaction, the confidence man induces the victim to return to his home, obtain the necessary money and return to the scene of the swindle where the money is turned over to the operator. After the money has been turned over to the confidence man, the victim is instructed to go to another city where he is to receive the return on his "investment." Such moving of the victim is a part of the scheme and gives the confidence man time in which to dispose of the money or property taken in the swindle and to flee to a distant "cool-off" spot.

Section 2314 of title 18 may be appropriately amended by the insertion of a new paragraph to supply the needed means to punish the perpetrators of this type of swindle.

This legislation in the identical form here suggested was introduced in both the Senate and House of Representatives in the 83d Congress as S. 3441 and H. R. 8914. S. 3441 was passed by the Senate on

August 11, 1954, and referred to the House Committee on the Judiciary on August 16, 1954.

The Bureau of the Budget has advised that there is no objection to the submission of this legislation.

Sincerely,

HERBERT BROWNELL, Jr.,  
*Attorney General.*

Each year many of our citizens are cheated by confidence men. As observed in the Attorney General's communication to the Congress, in many instances the targets of these unscrupulous criminals have been retired persons, widows and also business and professional men. These people lose large sums of money to this group of criminals. The committee is of the firm conviction that our laws must be kept at a peak level of effectiveness in order to deal with these criminals, and protect honest citizens from their operations.

In combating this sort of criminal activity, the Department of Justice has found that our present Federal laws are inadequate when it comes to dealing with the criminal who utilizes travel by the victim in the perpetration of the scheme to defraud that individual of his money. Such criminals avoid prosecution under the mail fraud statutes (sec. 1341 U. S. C., title 18) by not using the mails. Also delay on the part of the victim in reporting his being hoaxed makes prosecution under the present provisions of section 2314 of title 18 for the transportation in interstate commerce of money taken from the victim more difficult. Delay makes it possible for the criminal to move far from the scene of the swindle, and dispose of the money which constitutes the necessary evidence to establish elements of the crime.

This proposed legislation is intended to remedy this present lack in the law. Few people carry on their persons the large amounts of money sought by these confidence men, and it is therefore necessary for the victim to travel in interstate commerce to his home in order to get the money for the false venture described by the confidence man as a part of the scheme. This travel by the victim not only serves to provide a means of carrying the money to the criminal by the agency of the victim himself, but because the victim is induced to travel away from home the time incident to his travel and return may also occasion an additional delay which can be used by the criminal to escape from the scene.

The committee recognizes the need for the amendment proposed by this bill, and agrees with the position taken by the Attorney General in this matter. Accordingly, this committee recommends that the bill be favorably considered.

#### CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the House of Representatives, changes in existing law made by the bill are shown as follows with existing law in which no change is proposed shown in roman type, and new matter printed in italics.

**§ 2314. Transportation of stolen goods, securities, monies, or articles used in counterfeiting.**

Whoever transports in interstate or foreign commerce any goods, wares, merchandise, securities or money, of the value of \$5,000 or more, knowing the same to have been stolen, converted or taken by fraud; or

*Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transports or causes to be transported, or induces any person to travel in, or to be transported in interstate commerce in the execution or concealment of a scheme or artifice to defraud that person of money or property having a value of \$5,000 or more; or*

Whoever, with unlawful or fraudulent intent, transports in interstate or foreign commerce any falsely made, forged, altered, or counterfeited securities, knowing the same to have been falsely made, forged, altered, or counterfeited; or

Whoever, with unlawful or fraudulent intent, transports in interstate or foreign commerce any tool, implement, or thing used or fitted to be used in falsely making, forging, altering, or counterfeiting any security, or any part thereof—

Shall be fined not more than \$10,000 or imprisoned not more than ten years, or both.

This section shall not apply to any falsely made, forged, altered, counterfeited, or spurious representation of an obligation or other security of the United States, or of an obligation, bond, certificate, security, treasury note, bill, promise to pay, or bank note issued by any foreign government or by a bank or corporation of any foreign country.

